

FISCAL NOTE

HB 1060 - SB 1603

February 14, 2007

SUMMARY OF BILL: Exempts from sales and use tax the purchases of motor vehicles by members of the Coast Guard who are stationed at a Coast Guard station or support facility located entirely within the state.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Less than \$10,000

Decrease Local Govt. Revenues – Not Significant

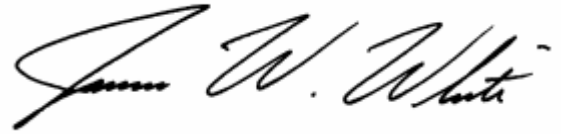
Assumptions:

- This bill applies to the Coast Guard station located in Memphis.
- There are approximately 30 active duty personnel stationed at this facility.
- Average turnover rate for a vehicle is 5 years.
- Number of personnel who may purchase a motor vehicle in a given year is estimated to be 6 (30 total personnel ÷ 5 year turnover ratio = 6 purchases).
- Average cost of vehicle is estimated at \$20,000.
- Taxable sales are estimated at \$120,000 (\$20,000 per vehicle X 6 purchases = \$120,000 in taxable sales).
- State sales tax rate is 7%.
- State single article tax is 2.75% on any portion greater than \$1,600 but less than \$3,200.
- Local option sales tax is capped at \$44.
- The net decrease of state revenues is estimated as less than \$10,000 $[(\$120,000 \times 7\%) + (\$1,600 \times 2.75\% \times 6 \text{ purchases}) = \$8,664]$.
- The decrease of local government revenues is estimated to be not significant $(\$44 \times 6 = \$264)$.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director